

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: DAPHNE J. HUANG
DEPUTY ATTORNEY GENERAL**

DATE: AUGUST 15, 2016

**SUBJECT: IDAHO POWER’S APPLICATION TO APPROVE OR REJECT THE
THIRD AMENDMENT TO ITS FIRM ENERGY SALES AGREEMENT
WITH RIVERSIDE INVESTMENTS I, LLC FOR ARENA DROP HYDRO,
CASE NO. IPC-E-16-15**

On August 12, 2016, Idaho Power Company filed an Application seeking approval of the Third Amendment to its Firm Energy Sales Agreement (FESA) with Riverside Investments I, LLC. The Agreement falls under the Public Utility Regulatory Policies Act of 1978 (PURPA), and is a contract for the sale and purchase of electric energy generated by the Arena Drop hydro facility, a PURPA qualifying facility (QF). The Amendment changes the Net Energy Amount notification process, similar to the process that the Commission has approved for Idaho Power involving more than 20 other ESAs. Idaho Power asks that the Commission approve its Application upon Staff’s review and without further process. Application at 4.

BACKGROUND

The Commission approved Idaho Power’s Agreement with Riverside Investments I, LLC in 2010. Order No. 31060. In 2014, the Commission approved the Company’s First Amendment, which changed the definition of the Mid-Columbia Market Energy Cost in the Agreement consistent with a Commission-approved stipulation. Order Nos. 33184, 33053. In March 2016, the Commission approved the Company’s Second Amendment, which changed references in the Agreement from “Riverside Investments, LLC” to “Riverside Investments I, LLC.” Order No. 33521. Idaho Power and Riverside Investments I, LLC (hereafter “Riverside”) agreed to the Third Amendment on June 22, 2016.

PROPOSED AMENDMENT

In the Third Amendment, Idaho Power and Riverside propose a change in the Net Energy Amount notification process to allow Riverside “to adjust the ‘Initial Year Monthly Net Energy Amounts’ on a monthly, rather than quarterly, basis.” Application at 3. Under the Amendment, Riverside “can submit future revisions on a monthly basis, with a minimum of 30 days’ notice prior to the beginning of the next month, rather than once every three months.” *Id.* Idaho Power indicates that, with this change, Riverside “gains more clarity and flexibility in adjusting its estimated energy deliveries and Idaho Power maintains the stability in the estimates necessary for its planning and operation.” *Id.* at 4.

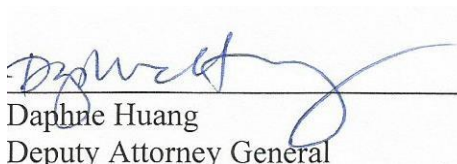
Idaho Power notes that, since August 2014, the Commission has approved more than 20 FESAs/ESAs between Idaho Power and QFs that allow the QFs to change the Initial Year Monthly Net Energy Amounts on a monthly basis. *Id.* at 2. Also, the Commission has approved FESA/ESA amendments similar to that here. *Id.* at 3, *citing* Order Nos. 33358, 33359. In Order No. 33102, the Commission stated, “we find that monthly, as opposed to quarterly, reporting of energy generation estimates is a reasonably negotiated term between the parties and not inconsistent with the Commission’s [earlier] guidance and findings.” Order No. 33102 at 6; Application at 3.

STAFF RECOMMENDATION

Given the limited scope of the Amendment, and consistent with the Commission’s prior Orders, as cited above, Staff recommends that the request be approved without further process.

COMMISSION DECISION

Does the Commission wish to approve the Application without further process?



Daphne Huang
Deputy Attorney General

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